

Message Text

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42

ORIGIN XMB-07

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DRAFTED BY XMB:DBSMITH

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

UNCLAS STATE 213981

E.O.11652:NA

TAGS: ETNJTZ

SUBJ: EXIMBANK FINANCING FOR AN AMMONIA-UREA PLANT IN TAIWAN

TODAY EXIMBANK ENT THE FOLLOWING CABLE TO THE MINISTRY OF
FINANCE IN TAIWAN: QUOTE IN ACCORDANCE WITH THE OPERATING AGREEMENT
THIS IS TO INFORM YOU THAT EXIMBANK ON SEPTEMBER 24, 1974,
AUTHORIZED A LOAN/GUARANTEE TO TAIWAN
FERTILIZER COMPANY FOR CONSTRUCTION OF AN
AMMONIA-UREA PLANT. TERMS CALL FOR
A CASH PAYMENT OF \$14,930,000 OR 40 PERCENT OF
U.S. DOLLAR COSTS, AND EXIMBANK DIRECT CREDIT OF \$11,200,000
OR 30 PERCENT AND A GUARANTEE OF
COMMERCIAL CREDITS FOR \$5,600,000 OR 15 PERCENT
AND OTHER FINANCING OF \$5,600,000 OR 15 PERCENT NO GUARANTEED BY
EXIMBANK. THE LOAN AND GUARANTEE WOULD BE IN 16 EQUAL
SEMIANNUAL INSTALLMENTS BEGINNING SIX MONTHS AFTER COMPLETION BUT
NOT LATER THAN MAY 10, 1978, WITH THE NON-GUARANTEED
FINANCING BEING REPAIN IN THE FIRST FOUR, THE GUARANTEED
FINANCING IN THE NEXT FOUR AND EXIMBANK IN THE LAST EIGHT.
THE INTEREST ON EXIMBANK'S CREDIT WILL BE A THE RATE OF 8 PERCENT
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PER ANNUM AND THERE WILL BE A COMMITMENT FEE OF 1/2 OF 1 PERCENT

PER ANNUM. THE EXIMBANK GUARANTEE FEE WILL BE 1 PERCENT
PER ANNUM.

THE BASIS OF THE EXIMBANK FINANCIAL PATTERN FOR THIS PROJECT IS
BASED UPON THE PC ISSUED TO TAIWAN FERTILIZER ON OCTOBER 1,
1973. AT THAT TIME EXIMBANK OFFERED A \$11.2 MILLION LOAN (40
PERCENT) AND A \$5.6 MILLION GUARANTEE (20 PERCENT) ON U.S. COSTS
OF THE PROJECT WHICH WERE THEN ESTIMATED AT \$28 MILLION. NOW
U.S. COSTS ARE ESTIMATED AT BETWEEN \$37 AND \$38 MILLION. TAIWAN
FERTILIZER HAS AGREED TO PROVIDE FOR ALL COSTS ABOVE THE ORIGINAL
\$28 MILLION. THUS, EXIMBANK HAS CHANGED THE PERCENTAGES IN
RELATION TO THE NEW COST ESTIMATES BUT MAINTAINED THE AMOUNTS
ORIGINALLY OFFERED. WE HAVE DISCUSSED THIS WITH T.W. HU OF THE
CHINESE EMBASSY. WE ASK YOUR CONCURRENCE. UNQUOTE.
KISSINGER

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